

Technical Exhibit 12-A  
Quality Assurance Surveillance Plan  
Operations and Maintenance Contract: ECC – Kearneysville WV  
Solicitation Number TIRNO-09-R-00018  
April 7, 2009

## **TECHNICAL EXHIBIT 12-A**

### **QUALITY ASSURANCE SURVEILLANCE PLAN**

**For**

**OPERATIONS AND MAINTENANCE  
IRS/ENTERPRISE COMPUTING CENTER  
KEARNEYSVILLE, WV**

**Solicitation Number TIRNO-09-R-00018**

**April 7, 2009**

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# **QUALITY ASSURANCE SURVEILLANCE PLAN**

IRS Solicitation #TIRNO09R00018

## **I. QASP & CONTRACT ADMINISTRATION DUTIES AND RESPONSIBILITIES.**

Background and Purpose.

This QASP is designed to be in accordance with the FAR subparts 37.6, 46.4 and the OMB Circular A-76 . Briefly, Quality assurance (QA) is a program undertaken by the Government to provide some measure of the quality of goods and services purchased from a Service Provider (SP). To accomplish this, the Government must develop and implement a system that will ensure the quantity and quality of the goods and services received comply with the requirements of the contract. This QASP is designed to assist the Contracting officer's Technical Representatives (COTR) and Maintenance Work Inspectors (MWI's) or other users in conducting the Government's QA program. Lastly, the QASP was established to ensure consistency in contract administration of the Operations and Maintenance contract at the IRS/Enterprise Computing Center.

### **1. Contracting Officer (CO)**

The Contracting Officer (CO) has the authority to administer all aspects of the contract. The Contracting Officer will delegate many aspects of the day-to-day contract administration duties to the COTR, Sub-COTR and Maintenance Work Inspectors (MWI's). However, certain contractual actions such as certification of invoices, negotiation and issuance of contract modifications, resolution of SP claims and disputes, issuance of SP nonconforming supplies or services, reports, issuance of cure notices, issuance of show-cause letters, termination of the contract, contract reductions, and contract close-out will be retained by the Contracting Officer.

### **2. Contracting Officer's Technical Representative (COTR)**

a. The COTR serves as the day-to-day manager of the overall contract administration effort for the contract. The COTR represents the Contracting Officer and functions as the SP's primary point of contact for the overall contract effort. The COTR oversees the overall contract administration effort. If modifications to the contract are necessary, the COTR will prepare, review, and/or oversee the preparation of Performance Work Statement (PWS) and Independent Government Estimate (IGE) that will be used by the CO to solicit a proposal from the SP. The COTR may assist the CO in negotiations with the SP. The COTR is responsible for ensuring all contract interpretations are consistent with the Contracting Officer's interpretation prior to advising the contractor. The CO makes the final determination on all disputes in contract interpretations.

b. The COTR reviews the monthly contract progress reports provided by the SP and determines performance levels of the SP performance for the overall contract effort. The COTR also recommends the appropriate payment to the CO based on the recommendation from the evaluation of the SP's overall performance each month. The Contracting Officer determines the final payments authorized to the SP for each fixed-price monthly payment based on his/her final QASP report determination and other relevant contract consideration

### **3. Sub-COTR**

a. In the absence of the COTR, the Sub-COTR will have the same duties and responsibilities as the COTR and will perform accordingly.

b. In addition, the COTR may delegate duties and responsibilities to the Sub-COTR as deemed appropriate to assist him in carrying out his day-to-day COTR responsibilities.

### **4. Reserved**

### **5. Reserved**

## **6. Customers**

Customers are the recipients of services furnished by the Contractor.

## **7. Building Manager**

a. The Building Manager is responsible for the overall Building Delegation Program at each site. The Building Manager is the primary customer and recipient of the services performed under this contract.

b. The Building Manager is the official supervisor of record for the COTR and MWI's at each site. The COTR will be the official Point of Contact (POC) for communications with the Contractor Project Manager and other SP personnel. The Building Manager will contact the COTR to report/resolve contractual issues that cannot be resolved with the Contractor.

## **8. Maintenance Work Inspectors (MWI's)**

a. The MWI's play a key role in quality performance and surveillance. They serve as the primary reviewer and examiner of work performed by the Contractor. Their reports and inspections are critical to the success of the Building Delegations program. The COTR relies on the performance of the MWI's to ensure the Contractor is providing quality services and materials and is meeting contract requirements. The MWI's perform most of the actual day-to-day contract surveillance and inspections and accurately report findings to the COTR (in verbal and written format) for inclusion into the monthly QASP report to be furnished to the CO. Some of the key quality assurance surveillance duties of MWIs include:

1. Perform technical inspections for PM and repair work performed as required by this QASP and make recommendations to the COTR for acceptance of contract work deliverables and contract administration actions such as contract reductions, issuance of nonconforming supplies or services notices and/or or letters of commendation. These recommendations may be forwarded by the COTR for documentation and discussions with the CO so action can be taken with the contractor.

2. Assist the COTR in identifying necessary technical changes to the contract, preparing Government SOWs and estimates, preparing quality assurance reports, approving technical submittals, documenting Contractor performance, maintaining day-to-day inspection work files and bringing any significant contract issues to the attention of the COTR.

3. The MWI's have no authority to direct or allow the Contractor to deviate from contract requirements or to issue modifications directly to any of the Contractor's personnel. All necessary contract changes that the MWI deems necessary will be coordinated and approved by the COTR and CO in advance. The CO will approve and issue all official contract modifications deemed appropriate in coordination with the COTR.

## **II. QUALITY ASSURANCE SURVEILLANCE PLAN.**

1. This Quality Assurance Surveillance Plan (QASP) has been developed for the Building Delegation's Operations and Maintenance contract at the Internal Revenue Service/Enterprise Computing Center located in Kearneysville, WV. The QASP is a contractual management tool to ensure that the supplies and services acquired conform to the contract requirements and the contract's quality and quantity requirements in a uniform basis. The major categories of services to be performed are:

- a. Phase-in/out
- b. On-Site Project Management
- c. Facilities Operations

- d. Water Treatment
- e. Service Calls
- f. Preventative Maintenance
- g. Admin Support for IDIQ Project Management

2. This QASP comprehensively defines procedures to be followed by the Government to ensure achievement of required performance standards. The Government monitors work performance through the COTR and MWI's for the overall contract effort. The QASP comprehensively guides the activities of the **COTR and MWI's**.

3. A QASP Inspection Guide and checksheets have been developed for each major contract requirement identified above. The SP is obligated by the contract to perform all of the services as described in the performance work statement.

4. The SP is directly responsible to the Contracting Officer and performs contract work under the direction of the Contracting Officer. However, the Contracting Officer (CO) has delegated the day-to-day technical oversight and administration of the contract to the COTR and MWI's. The COTR will be the Government CO's on-site representative for this contract and will be the CO's main representative for the overall contract effort and for contract issues covering ECC.

5. The SP will receive technical guidance from and report technical actions to the COTR and MWI's. The COTR will delegate specific contract inspections and contract administration documentation responsibilities to the appropriate MWIs. The MWIs will perform surveillance activities including inspections, checks, and other methods determined to ensure quality performance and products by the SP in accordance with the contract and/or QASP. The COTR will provide oversight of contract activities. Inspections and checks performed by the MWIs will assist the COTR in identifying the performance rating achieved by the SP for each major contract requirement identified in the QASP checksheets.

6. The COTR will base the rating (Pass/Fail) on whether the performance has reached the Acceptable Quality Level (AQL) outlined on each Checksheet and is considered as passing or whether the performance is less than the required AQL due to poor performance, non performance, or nonconforming supplies or services which may result in a overall rating of failed for the Checksheet or Checksheet element.

7. These results will be reported by the COTR in writing and may be reported to the SP local project manager when deemed appropriate. The COTR will document all performance issues in accordance with the QASP, QASP checksheets, and inspection guides. This will include but is not limited to issuing a CMMS service call ticket for corrective action to be taken by the SP and/or completing and issuing inspection reports. The MWI's will also make the COTR aware of all noted nonconforming supplies or services as soon as practical after an inspection has been completed. The contractor shall reperform work that has been performed in an unacceptable manner when requested by the CO.

8. In Summary the QASP:

- a. Documents the means and methods by which the Government intends to implement Quality Assurance (QA) for a contract.
- b. Provides the COTR and MWIs with:
  - (1). A systematic plan for surveillance of the SP's work.
  - (2). The methods for collecting information necessary to evaluate the SP's performance and justify contract administration actions such as final acceptance of contract work performed or rejection of work performed resulting from nonconformance and/or unsatisfactory performance.
  - (3). A basis for documenting the official contract files concerning the SP's performance and quality of the work.

### III. SURVEILLANCE INSPECTION METHODS.

There are five surveillance methods that will be used to evaluate the contract work: Planned Sampling Inspection, 100% Inspection, *Customer Complaints*, Unscheduled Inspections, and Random Sampling Inspections.

#### 1. Planned Sampling Inspections

Planned sampling is based on evaluating a portion of the work as the basis for appraising the Service Provider's performance. Samples are selected based on a subjective rationale with the sample size being arbitrarily determined by the COTR. Planned sampling is useful when population sizes are not large enough or homogeneous enough to make random sampling practical. Planned sampling is recommended for the inspection of service calls, preventative maintenance inspections, repairing of buildings, start-up/shut-down of HVAC systems.

##### a. Sample Size.

The COTR and/or MWIs must follow the documented criteria to be used for sample selection as outlined in the QASP Inspection Guide Checksheet. The documentation should include: rationale for selection of specific work occurrences, sample size requirements, and impact on services that receive little or no evaluation.

##### b. Planned Sampling Analysis of Results

At the end of the monthly rating period, the COTR will summarize the surveillance data and compute the Acceptable Quality Level (AQL) rating for each Checksheet.

##### c. To determine an AQL percentage rating,

- (1). Determine how many times the service is expected to be provided during the surveillance period (population).
- (2). Determine what the maximum number of nonconforming services or supplies for the given requirement for the period the Government should tolerate (number of accepted nonconforming services or supplies).
- (3). Subtract the number of accepted nonconforming services or supplies from the population to determine the number of number of required services that should be performed satisfactorily (acceptable services).
- (4). Then divide the number of acceptable services by the population to determine the AQL.
- (5). All of the above data shall be documented on the Inspection Checksheets, in the Rating Comments Section. Statistical data supporting all Inspection Checksheet elements rated as failed shall be included in the COTR Monthly QASP Site Report.

AQL = Total Number of Observed Approved Service occurrences/ Sample

##### d. Population

- (1). The AQL for a specific Checksheet is identified on each Checksheet in a percentage. To determine if a Checksheet is rated as passing or failing, each of the Checksheet elements in the Checksheet has been given a weight factor in percent of the overall Checksheet.

(2). For each Checksheet element that passes, the full percentage for that element is added to all other passing elements for that Checksheet to produce a total quality level rating in percentage for each Checksheet (if a Checksheet element is failed, zero percentage points are added to the overall Checksheet rating).

(3). If the total percentage for a given Checksheet meets or exceeds the AQL for that particular Checksheet, the Checksheet is rated as passing for the overall Checksheet rating and the Checksheet receives a rating of the maximum AQL points for that particular Checksheet and/or CLIN/sub-CLIN item.

e. Criteria for Use

- (1). Consider for medium populations where 100% Inspection is too costly or manpower is inadequate.
- (2). Can be used for unscheduled services, if the work can be inspected at a later time after performance.
- (3). Consider for requirements whose importance does not justify the cost of 100% inspection.
- (4). If used consistently, it will provide adequate trends in overall Contractor performance.
- (5). Use where the requirement is critical enough not to rely on the Validated Customer Complaint method.

f. Pros/Cons

- (1). If used consistently with the same sample selection criteria each month, gives good indication of trends in the Contractor's performance.
- (2). It gives the COTR and MWIs flexibility. They can use any system for sample selection, but the sampling method should be documented and consistent from month to month.

## 2. 100% Inspection

100% Inspection is an evaluation method that requires complete 100% inspection of a major contract requirement as shown in the QASP. The AQL analysis for 100% inspection will be based on 100 % inspection of all work associated with the requirement and the AQL established in the QASP Inspection Guide and /or checksheets. The analysis requires the summarization of all surveillance data and the computation of the AQL. The AQL is computed by the same method as in the planned sampling.

a. Criteria for Use

- (1). Use when the service population is small.
- (2). Apply to critical services with major mission impact, where inspection of each and every occurrence is important.
- (3). Use when it is important to have a precise measurement of the Contractor's level of performance.
- (4). Not well suited for large populations.

b. Pros/Cons

- (1). Is the only method for absolute accurate inspection results.
- (2). Measures the Contractor's true performance level.
- (3). No supplementary or backup inspection methods are required.
- (4). Well suited to use on IDIQ portions of contract.

- (5). Potentially expensive, time consuming, labor intensive.
- c. To determine an AQL percentage rating
  - (1). Determine how many times the service is expected to be provided during the surveillance period (population).
  - (2). Determine what the maximum number of nonconforming services or supplies for the given requirement for the period the Government should tolerate (number of accepted nonconforming services or supplies).
  - (3). Subtract the number of accepted nonconforming services or supplies from the population to determine the number of required services that should be performed satisfactorily (acceptable services).
  - (4). Then divide the number of acceptable services by the population to determine the AQL.
  - (5). All of the above data shall be documented on the Inspection Checksheets, in the Rating Comments Section. Statistical data supporting all Inspection Checksheet elements rated as failed shall be included in the COTR Monthly QASP Report.

AQL = Total Number of Observed Approved Service occurrences/ Sample

### 3. UNSCHEDULED INSPECTIONS

a. There are usually opportunities for unscheduled inspections that may be able to be carried out in an effective manner in conjunction with scheduled inspections of other contract requirements or in an impromptu fashion on the way to or from another commitment. Analysis of Unscheduled Inspections results requires the summarization of surveillance data and the computation of the AQL. The AQL is computed by the same method as in the planned sampling.

b. For example, a MWI may be monitoring service calls for on-time response. Incident to that inspection, he/she may notice that tour logs are not completed and fail to meet specific standards. This constitutes an unscheduled inspection. It will not be used as a primary method of surveillance. Decisions on what to inspect are usually arbitrary; they are made simply "because you are there". Unscheduled Inspections will be used as a supplement to other methods. In some cases, a requirement with few work occurrences and few locations can be inspected by Unscheduled Inspection, but only if it is a relatively non-critical requirement and does not require inspection immediately upon completion.

c. Unscheduled inspections may also be used to further identify how far ranging problems may be which has been previously identified using planned sampling, or customer complaints. When a problem is identified in the performance of a requirement, additional unscheduled inspections may be performed to identify if the problem exists in more than the one location previously inspected and will provide additional information to the COTR and Contracting Officer in instituting contract administrative actions. All items of work that are found to be unsatisfactory by the MWI's will be identified to the COTR and, if significant enough, to the Contracting Officer for action.

#### d. Criteria for Use

- (1). Use for low priority requirements.
- (2). Use to supplement other inspection methods to further identify the scope and causes of problems with provided services.

#### e. Pros/Cons

- (1). Is a supplemental inspection tool.
- (2). Provides an entirely subjective assessment.
- (3). Should not be used to develop trends in performance.



#### 4. Validated Customer Complaints

Customer Complaints constitutes a surveillance method based on customer awareness, timeliness in completing customer service calls, and customer satisfaction ratings. Customers notify the ERC and/or COTR and MWIs when there is a case of perceived poor performance, untimely performance, or non-performance. Upon notification, the COTR and/or MWIs investigate the report and, if valid, document the performance problem, thereby validating the complaint.

##### a. Criteria for Use

Use this method where the customer:

- (1). Is the direct recipient of the service and
- (2). Is aware of service levels required.

##### b. Pros/Cons

- (1). Does not guarantee all poor or non-performed service will be reported.
- (2). Validity of any given complaint is sometimes questionable. Therefore, validation must be done promptly before conditions change, or the defect cannot be documented.

##### c. Documenting Customer Complaints

Normally customer complaints are received from the ERC or directly from the customer to the COTR and/or MWIs. Subsequently, all customer complaints are documented by the Building Manager's administrative staff, the COTR and the MWI into the Computerized Maintenance Management System (CMMS) for contract administration purposes. The database information recorded in the CMMS contains the following data for each complaint:

- (1). Date and time of complaint
- (2). Source of complaint - organization and/or individual
- (3). Nature of complaint (narrative description)
- (4). Contract reference of complaint related services
- (5). Valid complaint (Yes or No) (Validation)
- (6). Date and time SP is informed of complaint
- (7). Action taken by SP and date ticket is closed
- (8). Signature of the person (MWI) validating the Complaint

##### d. Customer Complaint Validation

- (1) Only validated complaints are allowable as described above. In order to validate a customer complaint, the COTR and/or the MWI must physically review the performance in reference against the standard in the Contract. The complaint is validated only if the performance standard was not met.

- (2) If the contract standard was met, then the MWI will discuss the complaint with the customer and the standards of performance that are expected and the complaint will not be counted as a non-conforming service or supply in evaluating the performance of the SP.

#### **5. Random Sampling Inspections**

- a. Random Sampling shall be used when some part but not all of the contractor's performance is to be evaluated. The method of random inspections are defined for each Checksheet task on each Checksheet Inspection Guide.
- b. The Random Sampling level of inspection may be normal, reduced, or tightened. These levels only pertain to Random Sampling and may be adjusted by the COTR based on the contractor's performance. All changes in the number of Random Samples analyzed for Checksheet Tasks will be documented by issuance of revised Inspection Guides addressing the new sample size to be implemented.

#### **IV. CHOOSING SURVEILLANCE INSPECTION METHODS.**

The Government reserves the right to use any of the above-defined surveillance inspection methods as it deems appropriate: Planned Sampling Inspections, Unscheduled Inspections, Customer Complaints, 100% Inspections or Random Sampling Inspections. These methods are selected based on several factors including population size, relative work importance, and service times.

#### **V. ACCEPTABLE QUALITY LEVEL (AQL).**

1. The AQL is the level of performance of the contract requirement the SP shall perform for the particular contract requirement to be considered acceptable and rated as passed as defined in the QASP Checksheets and Inspection Guides. The AQL is shown in the performance criteria section of the QASP Inspection Guide and on each Checksheet. For each Checksheet requirement, the AQL serves as a benchmark to evaluate the SP's performance as it applies to that particular requirement. The COTR should be notified in all cases where the AQL is not met for a particular Checksheet item.
2. The unit of measure for an AQL for a given Checksheet element may be stated either as a percent or as an absolute number of items per time period. The specific AQL is identified for each requirement in the QASP inspection guide and/or checksheets. All of the above-outlined surveillance methods may be applied to to determine the AQL.
3. The AQL may trigger payment reductions to be determined by the Contracting Officer, and in certain cases, negotiations with the SP. In addition, the AQL is also the threshold below which other contract actions will be taken (cure notices, show cause letters, termination, etc. as deemed appropriate by the Contracting Officer). In short, it is a Government QA tool to determine when performance is acceptable and when performance needs improvement and/or further contract administration actions.
4. How to determine an AQL percentage rating
  - a. Determine how many times the service is expected to be provided during the surveillance period (population).
  - b. Determine what the maximum number of nonconforming services or supplies for the given requirement for the period the Government should tolerate (number of accepted nonconforming services or supplies).
  - c. Subtract the number of accepted nonconforming services or supplies from the population to determine the number of number of required services that should be performed satisfactorily (acceptable services).
  - d. Then divide the number of acceptable services by the population to determine the AQL.
  - e. All of the above data shall be documented on the Inspection Checksheets, in the Rating Comments Section.
  - f. The AQL for a specific Checksheet is identified on each Checksheet as a percentage. To determine if a Checksheet is rated as "PASS", each of the individual elements in the Checksheet is weighted in a percentage. For each Check sheet element passed, the percentage score for each

Checksheet element is added together to produce a total overall percentage rating for each Checksheet. If the total percentage for each Checksheet meets or exceeds the AQL for that particular Checksheet, the Checksheet is rated as passed.

AQL = Total Number of Observed Approved Service occurrences/ Sample

## **VI. EVALUATION PROCEDURES.**

1. The QASP Inspection Guide provides the detail of how the COTR or MWIs will conduct inspections. This includes but not limited to the following:

- a. Requirement Number;
- b. Population;
- c. Task or Contract Reference;
- d. Surveillance/Inspection Procedures, and;
- e. AQL Performance Criteria

2. The level of inspection details must be adequate to allow the MWI(s) to employ the same method of surveillance, apply the same performance evaluation criteria, and produce the required level of documentation to justify a fair and reasonable performance rating (pass/fail and AQL percentage) associated with all eight check sheets and CLINs/Sub-CLINs. The COTR and MWI's will interpret and administer all contract surveillance in strict accordance with the approved QASP inspection guide.

## **VII. QASP REPORTS AND CONTRACT PAYMENT REDUCTIONS.**

1. Reductions, while related to Quality Assurance Surveillance Plan (QASP) evaluation are a separate and distinct contract administrative action. Reductions from the contract sub-CLIN (i.e., Facility Operations; Building Systems Water Treatment; Basic Service Calls; Preventative Maintenance) plus the Administrative Support for all IDIQ CLIN negotiated prices. This will be based upon the COTR's analysis and the MWI's inspections which will document nonconforming services or supplies in the *Monthly QASP Summary Report* regardless of the inspection method executed.

2. Nonconforming supplies or services are recorded for each work occurrence that either is not performed or is performed unsatisfactorily and is incorporated into the COTR *Monthly QASP Summary Report* and documented in the COTR's local contract file. For all methods of surveillance, reductions for only the inspected/observed and documented nonconforming services or supplies are appropriate. Simply stated, the Government should not pay for a product or service not received, or received in an unsatisfactory condition; however, appropriate specific inspection and performance documentation of each nonconforming supplies or services must be captured before reductions are executed.

3. The major categories of services (CLINs/Sub-CLINs) to be evaluated in the Monthly QASP Report (as identified and priced in contract Section B) are as follows:

- a. **(sub-CLIN) Monthly Reports** (Check Sheet #6) AQL=90%
- b. **(sub-CLIN) Facilities Operations** (Check Sheets #1, 5 and 7) AQL=90%
- c. **(sub-CLIN) Water Treatment** (Check Sheet #2) AQL=90%
- d. **(sub-CLIN) Service Calls** (Check Sheet #3) AQL=90%
- e. **(sub-CLIN) Preventative Maintenance** (Check Sheets #4) AQL=95%
- f. **(CLIN) Administrative Support IDIQ** (Check Sheet #8) AQL=90%

4. Reductions will be taken from each CLIN/Sub-CLIN monthly payment by contract based on the Monthly QASP Summary Report if the monthly AQL rating is less than the AQL identified for each individual Check Sheet for a given performance factor. Each Check Sheet's AQL percentage rating scored lower than the AQL percent required by the Check Sheet will reduce the payment for that specific CLIN rate identified in Section B of the contract.

For example if the AQL is 90% for monthly Checksheet (as part of a sub-CLIN) contract payment amount (rate) sub-CLIN is \$1,000 and it was determined that this month's documented Checksheet rating was 80%, the reduction would be 10% of \$1,000 (= \$100).

- 5. If a trend is observed by the COTR the poor overall performance, or poor performance in a specific QASP Checksheet/element, the COTR will notify the Contracting Officer and/or SP Project Manager of the findings to resolve the performance issue promptly.
- 6. COTR Monthly QASP Site Report (does not apply to single site contracts)
- 7. COTR Monthly QASP Summary Report

a. The overall **Monthly QASP Summary Report** will be generated by the COTR from data extracted from the MWI's monthly inspection report(s) and customer service call reports and will be furnished to the Contracting Officer each month. This report will also be the basis for determining the contractor's reductions and performance rating. The COTR will review all of the data provided in the MWI's monthly inspection report(s) and customer service call reports and ensure that all reports reflect consistent and accurate evaluations for the appropriate Checksheet elements for ECC with adequate documentation to support the resulting AQL rating for each Checksheet.

b. Should errors be discovered by the COTR in the Monthly MWI and customer service call reports, the COTR will shall request that the individual reports be modified to ensure the accuracy in rating Check sheet elements.

c. Subsequently, the COTR will perform an overall **Monthly QASP Summary Report** based on the data from the individual MWI inspection report(s) and the customer service call reports. The report will summarize the scores of all 6 CLIN/Sub-CLIN's and all 8 related check sheets.

It will also be the basis of determining the overall contractor performance level for each of the individual 6 CLIN/Sub-CLIN's. The COTR Monthly QASP Summary Report will be used to determine the SP's overall performance.

d. Contract payment reductions will be taken from each CLIN/Sub-CLIN's for any Checksheet AQL ratings less than the AQL identified with each of the associated check sheets. Each rating lower than the AQL percentage required by a given Check sheet will reduce the payment for that specific CLIN/Sub-CLIN's monthly contract payment amount.

e. Subsequently, the COTR's Monthly QASP Summary Report (with the supporting MWI and customer service call reports and documentation enclosed) will be provided to the Contracting Officer (CO) for his/her review and approval. After reviewing and approving the contents of the report, the CO will formally issue the report to the SP for comment.

f. The SP's Project Manager will have 5 work days to respond to the findings of the Monthly QASP Summary Report. If the SP agrees with the report, the SP may generate a voucher for the amount identified by the Contracting Officer in the final QASP report issued to the SP for the previous month's services per Section G.3 of the contract.

g. If the SP disputes the finding in the report, the SP Project Manager shall provide a written response documenting the rationale for disputing each of the nonconforming services or supplies cited in the report. After taking into consideration the findings identified in the Monthly QASP Summary Report and any relevant and timely SP performance documentation provided by the SP Project Manager, the CO will make a final determination and inform the SP and COTR of the appropriate voucher amount that can be submitted for payment.

h. If the SP and CO are still not in agreement on the appropriate voucher amount, the SP shall issue a voucher as directed by the Contracting Officer and may seek additional payment via the disputes clause in the contract.

#### **VIII. NONCONFORMING SERVICES AND SUPPLIES AND REWORK PROCESS.**

1. This section is included in the QASP to provide guidance and information to the SP, COTR and MWI personnel regarding this process-- if it becomes necessary to implement it. The FAR clause has been adapted to provide instruction to the government personnel. In part, the FAR states:

**"FAR 46.407 -- Nonconforming Supplies or Services.**

*(a) The contracting officer will reject supplies or services not conforming in all respects to contract requirements (see 46.102). In those instances where deviation from this policy is found to be in the Government's interest, such supplies or services may be accepted only as authorized in this section.*

*(b) The contracting officer will give the SP an opportunity to correct or replace nonconforming supplies or services when this can be accomplished within the required delivery schedule. Unless the contract specifies otherwise (as may be the case in some cost-reimbursement contracts), correction or replacement must be without additional cost to the Government. Subparagraph (e)(2) of the clause at 52.246-2, Inspection of Supplies -- Fixed-Price, reserves to the Government the right to charge the contractor the cost of Government re-inspection and retests because of prior rejection.*

*(c) (1) In situations not covered by paragraph (b) of this section, the contracting officer will ordinarily reject supplies or services when the non-conformance is critical or major or the supplies or services are otherwise incomplete. However, there may be circumstances (e.g., reasons of economy or urgency) when the contracting officer determines acceptance or conditional acceptance of supplies or services is in the best interest of the Government. The contracting officer must make this determination, based upon:*

*(i) Advice of the technical activity that the item is safe to use, and will perform its intended purpose;*

*(ii) Information regarding the nature and extent of the non-conformance or otherwise incomplete supplies or services;*

*(iii) A request from the contractor for acceptance of the nonconforming or otherwise incomplete supplies or services (if feasible);*

*(iv) A recommendation for acceptance, conditional acceptance, or rejection, with supporting rationale; and*

*(v) The contract adjustment considered appropriate, including any adjustment offered by the contractor."*

2. The COTR must furnish this data to the contracting officer in writing, except that in urgent cases it may be furnished orally and later confirmed in writing. Before making a decision to accept, the Contracting Officer must obtain the concurrence of the activity responsible for the technical requirements of the contract and, where health factors are involved, of the responsible health official of the agency concerned.

3. If the non-conformance is minor, the COTR may make recommendations to the CO who will make the final determination whether or not to accept or reject the work.

4. The COTR will assist the Contracting Officer in discouraging the repeated tender of nonconforming supplies or services, including those with only minor non-conformances, by appropriate action, such as rejection and documenting the contractor's performance record.

5. When supplies or services are accepted with critical or major non-conformances as authorized in paragraph (c) of this section, the Contracting Officer may modify the contract to provide for an equitable price reduction or other consideration. In the case of conditional acceptance, amounts withheld from payments generally should be at least sufficient to cover the estimated cost and related profit to correct nonconforming supplies or services and complete unfinished work.

6. The Contracting Officer must document in the contract file the basis for the amounts withheld. This data will be provided to the Contracting Officer by the COTR. For services, the Contracting Officer can consider identifying the value of the individual work requirements or tasks (subdivisions) that may be subject to price or fee reduction. This value may be used to determine an equitable adjustment for nonconforming services.

7. However, when supplies or services involving minor non-conformance are accepted, the contract need not be modified unless it appears that the savings to the contractor in fabricating the nonconforming supplies or performing the nonconforming services will exceed the cost to the Government of processing the modification.

8. Notices of rejection of work must be in writing using the NON-CONFORMANCE NOTIFICATION FOR REWORK form (Technical Exhibit 12-E) with rationale for rejection of work. The notification shall be furnished promptly to the contractor. Promptness in giving this notice is essential because, if timely nature of rejection is not furnished, acceptance may in certain cases be implied as a matter of law and untimely notification may preclude the SP from re-performing a given service. The following notification timeframes shall be followed by the IRS COTRs and MWIs:

- a. PM tickets: "within 5 work days after receipt of date stamped work order ticket from the Service Provider."
- b. Service call tickets: "within 2 work days after receipt of date stamped work order ticket from the Service Provider."
- c. IDIQ final inspections: "within 5 work days after receipt of the Service Provider's email notice of work being completed."

9. Rework Process.

- a. The preferred way to resolve known non-conforming services or quality supplies/materials is to request performance (if unperformed initially), or re-performance (if performed unsatisfactorily).
- b. The primary mission of the Government's inspection is not to deny payment to a SP but to receive the desired services in a quality and timely manner. A requirement with timeliness as a

performance requirement cannot be reworked in subsequent time period. For example, if a weekly or monthly PM is not successfully completed within these timeframes agreed to, no credit can be given for that work being performed in a subsequent month.

c. On a case-by-case basis, the COTR may agree to allow deferments for up to a maximum of 30 calendar days for work not performed and/or needing to be reworked due to non-conforming substandard performance of the services performed.

#### 10. Reductions for Rework by Others.

In the event "rework" services are accomplished by other than the Service Provider, reductions may be made in accordance with the termination clause and the following procedures:

#### FAR 49.402-6, REPURCHASE AGAINST CONTRACTOR'S ACCOUNT

a) When the supplies or services are still required after termination, the contracting officer shall repurchase the same or similar supplies or services against the contractor's account as soon as practicable. The contracting officer shall repurchase at as reasonable a price as practicable, considering the quality and delivery requirements. The contracting officer may repurchase a quantity in excess of the undelivered quantity terminated for default when the excess quantity is needed, but excess cost may not be charged against the defaulting contractor for more than the undelivered quantity terminated for default (including variations in quantity permitted by the terminated contract). Generally, the contracting officer will make a decision whether or not to repurchase before issuing the termination notice.

(b) If the repurchase is for a quantity not over the undelivered quantity terminated for default, the Default clause authorizes the contracting officer to use any terms and acquisition method deemed appropriate for the repurchase. However, the contracting officer shall obtain competition to the maximum extent practicable for the repurchase. The contracting officer shall cite the Default clause as the authority. If the repurchase is for a quantity over the undelivered quantity terminated for default, the contracting officer shall treat the entire quantity as a new acquisition.

(c) If repurchase is made at a price over the price of the supplies or services terminated, the contracting officer shall, after completion and final payment of the repurchase contract, make written demand on the contractor for the total amount of the excess, giving consideration to any increases or decreases in other costs such as transportation, discounts, etc. If the contractor fails to make payment, the contracting officer shall follow the procedures in [Subpart 32.6](#) for collecting contract debts due the Government.

#### 11. Notification of Service Provider Concerning Rework.

a. In all inspection methods, the Government will notify the SP of observed nonconforming quality of material/supplies or services in a timely manner. Notices of rejection of work must be in writing using the NON-CONFORMANCE NOTIFICATION FOR REWORK FORM (Technical Exhibit 12-E) with rationale for the rejection of the work. The notification shall be furnished promptly to the contractor.

b. The SP may be credited for all accomplished rework completed within the contract required time frames, regardless of the surveillance method employed.

c. See NON-CONFORMANCE NOTIFICATION FOR REWORK form (Technical Exhibit 12-E)